



Why Cisco Systems' Stock Fell 15.5% Last Month

Description

What happened

Shares of **Cisco Systems** ([NASDAQ: CSCO](#)) fell 15.5% in August 2019, [according to data from S&P Global Market Intelligence](#). Mainly, the stock took a 12.3% haircut in a span of two days around the networking equipment giant's earnings report.

So what

Cisco's fourth-quarter sales rose 4.5% year over year, landing at \$13.4 billion. Adjusted earnings increased 19% to \$0.83 per diluted share. Both of these line items edged out the Wall Street consensus, which had been calling for earnings near \$0.82 per share on revenues in the neighborhood of \$13.39 billion.

At the same time, Cisco's management offered somewhat disappointing guidance for the next reporting period. At the midpoint of the provided guidance ranges, first-quarter revenues should stop near \$13.23 billion, while adjusted earnings are headed toward roughly \$0.81 per share. For this period, analysts had been expecting earnings of approximately \$0.83 per share on sales around \$13.4 billion.

Image source: Getty Images.

Now what

The [computer networking](#) veteran is struggling to make up for slow orders from Chinese telecoms. Order volumes in that subsector came in 21% below their year-ago reading in the fourth quarter. Other sectors provided solid growth, led by a 21% boost to global sales of security products and services.

The end of the Chinese-American trade war can't come soon enough for Cisco's investors. That being

said, the resulting discount to the share prices [makes Cisco a solid buy for long-term investors](#) with enough patience to outlast the international trade tensions.

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1. NASDAQ:CSCO (Cisco Systems Inc.)

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